

SLC Turnberry Limited

Report and Financial Statements

31 December 2005



SLC Turnberry Limited

Registered No SC177810

Directors

T W Darnall

M P Wale

S Selbie

R L Scott

Secretary

S Haegeman

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

Turnberry Hotel

Ayrshire

KA26 9LT

Directors' report

The directors present their report and financial statements for the year ended 31 December 2005

Results and dividends

The loss for the year, after taxation, amounted to £2,656,000 (2004 – loss of £823,000 as restated) The directors do not recommend the payment of any dividends (2004 – £nil)

Principal activities and review of the business

The principal activity of the company is the operation of the Westin Turnberry Hotel and associated leisure facilities The directors expect these activities to continue in the future

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees The company is an equal opportunities employer

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public Company policies in this regard are regularly reviewed with the objective of ensuring that these standards are achieved

Employee involvement

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various matters affecting the performance of the company This is achieved through formal and informal meetings

Directors

The directors who served the company during the year were as listed on page 1

Secretary

J Grime resigned as secretary on 12 May 2006 and S Haegeman was appointed as secretary on that date

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment

At 31 December 2005, the company had an average of 22 days purchases outstanding in trade creditors

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

Secretary


25 October 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report

to the members of SLC Turnberry Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of SLC Turnberry Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

25 OCTOBER 2006

Profit and loss account

for the year ended 31 December 2005

		2005	<i>Restated</i> 2004
	<i>Notes</i>	£000	£000
Turnover	2	15,441	14,689
Cost of sales		(9,494)	(8,895)
Gross profit		5,947	5,794
Administrative expenses		(7,046)	(6,728)
Operating loss	3	(1,099)	(934)
Interest receivable	6	60	870
Interest payable and similar charges	7	(2,220)	(990)
Other finance costs	8	(14)	(40)
Loss on ordinary activities before taxation		(3,273)	(1,094)
Tax credit on loss on ordinary activities	9	617	271
Loss retained for the financial year		(2,656)	(823)

The results have been derived wholly from continuing operations in both years

Statement of total recognised gains and losses

for the year ended 31 December 2005

	2005	<i>Restated</i> 2004
	£000	£000
Loss for the financial year	(2,656)	(823)
Actuarial gain/(loss) recognised on the pension scheme	43	(53)
Total gains and losses relating to the year	(2,613)	(876)
Prior year adjustment (note 1)	(725)	
Total gains and losses since the last report	(3,338)	

Balance sheet

at 31 December 2005

		2005	Restated 2004
	Notes	£000	£000
Fixed assets			
Tangible assets	10	36,189	37,339
Investments	11	3,331	3,331
		<u>39,520</u>	<u>40,670</u>
Current assets			
Stocks	12	512	601
Debtors	13	3,197	2,166
Cash at bank and in hand		1,550	1,334
		<u>5,259</u>	<u>4,101</u>
Creditors amounts falling due within one year	14	20,659	13,253
		<u>(15,400)</u>	<u>(9,152)</u>
Net current liability			
		<u>24,120</u>	<u>31,518</u>
Total assets less current liabilities			
Creditors amounts falling due after more than one year	15	10,721	15,472
		<u>13,399</u>	<u>16,046</u>
Net pension liability	16	(691)	(725)
		<u>12,708</u>	<u>15,321</u>
Capital and reserves			
Called up share capital	19,20	—	—
Capital reserve	20	18,374	18,374
Profit and loss account	20	(5,666)	(3,053)
		<u>12,708</u>	<u>15,321</u>
Equity shareholders' funds	20		
		<u>12,708</u>	<u>15,321</u>



Director

25 October 2006

Notes to the financial statements

at 31 December 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

The company has elected under section 229 of the Companies Act 1985 not to consolidate Nitto World Co , Limited as its inclusion is not material for the purpose of giving a true and fair view as the company does not trade

The company had net current liabilities at 31 December 2005. However, the directors have drawn up the financial statements on a going concern basis since Starwood Hotels and Resorts Worldwide, Inc , the ultimate parent undertaking, has confirmed it will provide all necessary financial support to the company for the foreseeable future to enable it to continue trading and to meet its financial obligations as they fall due

Adoption of new UK accounting standards

The accounting policies adopted by the company are set out below and are consistent with those of the previous year, except for the full adoption of FRS 17 'Retirement Benefits', and the adoption of FRS 21 'Events after the balance sheet date', the presentation requirements of FRS 25 'Financial Instruments Disclosure and Presentation' and FRS 28 'Corresponding Amounts'

The full adoption of FRS 17 has resulted in the following restatements to prior year results

- 1 In the year ended 31 December 2004
 - (a) a decrease in the pension charge of £34,000 within administrative expenses,
 - (b) the inclusion of other net finance costs of £40,000,
 - (c) an increase in the loss for the year of £6,000,
 - (d) a decrease in the total recognised gains and loss of £59,000, and
 - (e) the inclusion of net pension liabilities of £725,000
- 2 At 1 January 2004
 - (a) the inclusion of net pension liabilities of £666,000

No restatements have resulted from the other changes in accounting policies

Statement of cash flows

The company has taken advantage of the exemption afforded by section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Starwood Hotels & Resorts Worldwide Inc , which prepares consolidated financial statements which are publicly available. On this basis the company is exempt from the requirement of FRS 1 to present a statement of cash flows

Related parties transactions

As a subsidiary undertaking of Starwood Hotels & Resorts Worldwide Inc , the company has taken advantage of the exemption in FRS 8 'Related party disclosures' not to disclose transactions with other members of the group headed by Starwood Hotels & Resorts Worldwide Inc

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Freehold buildings	–	40 years
Fixtures, fittings and equipment	–	2 to 20 years

Investments

Fixed asset investments are shown at cost less provision for impairment

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over the shorter of lease term and their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even if the payments are not made on such a basis.

Pension schemes

For defined benefit schemes the amounts charged to operating profit are the current service costs and any gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are charged to operating profit immediately if the benefits have vested. If the benefits have not vested immediately, the costs are recognised by equal annual instalments until vesting occurs. The interest cost and the expected return on assets are included as other finance costs. Actuarial gains and losses net of deferred tax are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are either externally funded, with the assets of the scheme held separately from those of the company in separate trustee administered funds, or are unfunded. Pension scheme assets are measured at fair value, and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Contributions are also made to the SHUK Pension Plan, which is accounted for in the books of SLC Turnberry Limited as a defined contribution scheme, as a fixed contribution is made to the scheme and any surpluses or deficits are borne by Sheraton Hotels (UK) plc.

2. Turnover

Turnover comprises amounts derived from the provision of goods and services falling within the company's ordinary activities after deduction of value added tax, other sales related taxes and trade discounts. Turnover arises solely from the company's principal activity within the United Kingdom.

3. Operating loss

This is stated after charging/(crediting)

	2005 £000	2004 £000
Auditors' remuneration – audit services	40	35
Depreciation of owned fixed assets	1,510	1,495
Depreciation of assets held under finance leases and hire purchase contracts	47	40
Operating lease rentals – plant and machinery	138	104
Rental income	(4)	(7)
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2005

4. Staff costs

	2005	<i>Restated</i> 2004
	£000	£000
Wages and salaries	6,275	5,656
Social security costs	471	431
Other pension costs	75	76
	<u>6,821</u>	<u>6,163</u>

The monthly average number of employees during the year was 355 (2004 – 329)

5. Directors' emoluments

	2005	2004
	£000	£000
Emoluments	<u>165</u>	<u>145</u>
	2005	2004
	No	No
Members of defined benefit pension schemes	<u>1</u>	<u>1</u>

6. Interest receivable

	2005	2004
	£000	£000
Interest receivable	60	79
Foreign exchange gain on promissory note	~	791
	<u>60</u>	<u>870</u>

7. Interest payable and similar charges

	2005	2004
	£000	£000
On intercompany loans (note 15)	402	410
On promissory note (note 14)	571	571
Foreign exchange loss on promissory note	1,240	–
Finance charges payable under finance leases and hire purchase contracts	7	9
	<u>2,220</u>	<u>990</u>

Notes to the financial statements

at 31 December 2005

8. Other finance costs

	2005	<i>Restated</i> 2004
	£000	£000
Expected return on pension scheme assets	203	168
Interest on pension scheme liabilities	(217)	(208)
	<u>(14)</u>	<u>(40)</u>

9. Taxation on ordinary activities

(a) Tax credit on loss on ordinary activities

The tax credit is made up as follows

	2005	2004
	£000	£000
<i>Current tax</i>		
Group relief receivable	(435)	(271)
Group relief receivable in respect of previous years	(182)	–
Total current tax credit (note 9(b))	<u>(617)</u>	<u>(271)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities is lower than the standard rate of corporation tax in the UK of 30% (2004 – 30%). The differences are reconciled below

	2005	<i>Restated</i> 2004
	£000	£000
Loss on ordinary activities before taxation	(3,273)	(1,094)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 – 30%)	(982)	(328)
Expenses not deductible for tax purposes	43	38
Capital allowances in advance of depreciation	(39)	(88)
Other timing differences	543	(66)
Tax over provided in previous years	(182)	–
Unutilised losses carried forward	–	173
Total current tax credit (note 9(a))	<u>(617)</u>	<u>(271)</u>

(c) Factors that may affect future tax charges

The company does not expect there to be any significant factors that may affect its future tax charges

Notes to the financial statements

at 31 December 2005

9. Taxation on ordinary activities (continued)

(d) Deferred tax

Deferred tax is provided at 30% (2004 – 30%) in the financial statements as follows

	2005 £000	2004 £000
Accelerated capital allowances	4,937	4,891
Other timing differences	(1,713)	(1,169)
Brought forward trading losses	(3,224)	(3,722)
	<u>-</u>	<u>-</u>

The company has further trading losses carried forward resulting in a deferred tax asset of £1,026,000 (2004 – £696,000). This is not recognised as there is no certainty of suitable taxable profits in the future against which the losses can be offset.

10 Tangible fixed assets

	<i>Freehold land and buildings</i> £000	<i>Fixtures fittings and equipment</i> £000	<i>Total</i> £000
Cost			
At 1 January 2005	41,296	4,983	46,279
Additions	35	372	407
At 31 December 2005	<u>41,331</u>	<u>5,355</u>	<u>46,686</u>
Depreciation			
At 1 January 2005	6,432	2,508	8,940
Provided during the year	1,108	449	1,557
At 31 December 2005	<u>7,540</u>	<u>2,957</u>	<u>10,497</u>
Net book value			
At 31 December 2005	<u>33,791</u>	<u>2,398</u>	<u>36,189</u>
At 31 December 2004	<u>34,864</u>	<u>2,475</u>	<u>37,339</u>

The net book value of assets above includes an amount of £93,000 (2004 – £140,000) in respect of assets held under finance leases and hire purchase contracts.

Notes to the financial statements

at 31 December 2005

11. Investments

	<i>Subsidiary undertaking £000</i>
Cost	
At 1 January 2005 and 31 December 2005	<u>3,331</u>

The above investment represents the company's investment in the following subsidiary undertaking

	<i>Country of registration</i>	<i>Principal activity</i>	<i>Description and proportion of share capital</i>
Nitto World Co , Limited	England	Non trading	100% ordinary share capital

12. Stocks

	<i>2005 £000</i>	<i>2004 £000</i>
Finished goods and consumables	<u>512</u>	<u>601</u>

The directors consider that there is no significant difference between the balance sheet value and the replacement cost of stocks at the balance sheet date

13 Debtors

	<i>2005 £000</i>	<i>2004 £000</i>
Trade debtors	705	311
Other debtors	21	23
Prepayments and accrued income	220	201
Amounts owed by other group undertakings	2,251	1,631
	<u>3,197</u>	<u>2,166</u>

Notes to the financial statements

at 31 December 2005

14. Creditors. amounts falling due within one year

	2005 £000	2004 £000
Obligation under finance leases and hire purchase contracts (note 17)	38	48
Trade creditors	418	388
Other taxation and social security	374	310
Amounts owed to other group undertakings	12,527	11,664
Promissory note	6,052	–
Accruals and deferred income	1,250	843
	<u>20,659</u>	<u>13,253</u>

The promissory note to Starwood Trust bears interest at 7.52 per annum and is repayable on 23 December 2006

15. Creditors. amounts falling due after one year

	2005 £000	2004 £000
Obligations under finance leases and hire purchases contracts (note 17)	56	93
Amounts owed to other group undertakings	10,665	9,965
Promissory note	–	5,414
	<u>10,721</u>	<u>15,472</u>

Amounts owed to other group undertakings include a loan of £1,000,000 (2004 – £300,000) from Sheraton Hotels (England) Limited and a loan of £9,665,000 (2004 – £9,665,000) from Sheraton Hotels (UK) plc

The £1,000,000 loan from Sheraton Hotels (England) Limited bears interest at LIBOR plus 3.20% and is repayable on 17 October 2010

The loan from Sheraton Hotels (UK) plc is charged at LIBOR plus an additional variable margin and is repayable on 8 March 2011

Notes to the financial statements

at 31 December 2005

15. Creditors: amounts falling due after one year (continued)

Borrowings are repayable as follows

	2005 £000	2004 £000
Promissory note		
In less than one year	6,052	–
In more than two years but not more than five years	–	5,414
	<u>6,052</u>	<u>5,414</u>
Intercompany loans		
In less than one year	–	700
In more than one year	10,665	9,965
	<u>10,665</u>	<u>10,665</u>

16. Net pension liability

The company provides pension arrangements for certain permanent employees through the Turnberry Hotel Pension Scheme. The scheme is a funded defined benefits scheme based on final pensionable pay and the related costs and assets are assessed in accordance with the advice of professionally qualified actuaries.

The most recent valuation was conducted on 31 December 2004 using the attained age method. The main assumptions are as follows:

	%
Rate of return on investments – pre retirement (% per annum)	5.00
Rate of return on investments – post retirement (% per annum)	5.00
Rate of increase in salaries (% per annum)	4.25
Rate of increase in pensions payments (% per annum)	2.75
	<u> </u>
Market value of scheme's assets (£000)	3,446
	<u> </u>
Level of funding, being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	103.2%
	<u> </u>

The deficit in the scheme is expected to be funded over a period of eleven years from 1 January 2003, being the average membership period of the current active members. The resulting total contribution rate is 31.5% of scheme pay.

As the scheme is now closed to new entrants, the valuation method used is the Attained Age method, which is consistent with a stable long term funding target, and will allow for the average membership to age over the years.

Notes to the financial statements

at 31 December 2005

16. Net pension liability (continued)

On 31 March 2006, the scheme was closed to future accrual. The deficit in the scheme will be funded through an increase in contributions.

The most recent actuarial valuation as at 31 December 2004 and has been updated by a qualified actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2005. Scheme assets are stated at their market value at the respective balance sheet dates.

	2005	2004	2003
	%	%	%
Main assumptions			
Rate of increase in salaries	—	3.8	3.8
Rate of increase in pensions in payment	2.8	2.8	2.8
Rate of increase in deferred pensions	2.8	2.8	2.8
Discount rate	4.8	5.3	5.5
Inflation assumption	2.8	2.8	2.8

The assets and liabilities of the scheme and the expected rate of return at 31 December are

	2005		2004		2003
	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Value</i>
	%	£000	%	£000	£000
Equities/property	6.0	2,926	5.8	2,490	2,168
Bonds	4.0	1,114	3.8	936	864
Cash	4.3	4	4.0	(8)	81
Total market value of assets		4,044		3,418	3,113
Present value of scheme liabilities		(4,735)		(4,143)	(3,779)
Pension liability		(691)		(725)	(666)

A deferred tax asset has not been recognised in respect of the pension liability as there is no certainty of suitable taxable profits in the future against which the losses can be offset.

Notes to the financial statements

at 31 December 2005

16. Pension liability (continued)

An analysis of the defined benefit cost for the year ended 31 December 2005 is as follows

	2005 £000	2004 £000
Current service cost	(46)	(49)
Total operating charge	<u>(46)</u>	<u>(49)</u>
Other finance costs Expected return on pension scheme assets	203	168
Other finance costs Interest on pension scheme liabilities	(217)	(208)
Total other finance costs	<u>(14)</u>	<u>(40)</u>

The following amounts are included in the statement of recognised gains and losses

Actual return less expected return on pension scheme assets	455	114
Experience losses arising on scheme liabilities	345	56
Loss arising from changes in assumptions underlying the present value of scheme liabilities	(757)	(223)
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	<u>43</u>	<u>(53)</u>

Analysis of movements in deficit during the year

	2005 £000	2004 £000
At 1 January	(725)	(666)
Total operating charge	(46)	(49)
Total other finance costs	(14)	(40)
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	43	(53)
Contributions	51	83
At 31 December	<u>(691)</u>	<u>(725)</u>

Notes to the financial statements

at 31 December 2005

16. Pension liability (continued)

History of experience gains and losses

	2005	2004	2003	2002
Difference between expected return and actual return on pension scheme assets				
– amount (£000)	455	114	304	(652)
– % of scheme assets	11.0	3.0	9.8	(25.3)
Experience gains arising on scheme liabilities				
– amount (£000)	345	56	–	201
– % of the present value of scheme liabilities	7.0	1.0	–	6.2
Total actuarial losses recognised in the statement of total recognised gains and losses				
– amount (£000)	43	(53)	(21)	(615)
– % of the present value of scheme liabilities	1.0	(1.0)	(0.6)	(19.0)

17. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows

	2005 £000	2004 £000
Amounts payable		
Within one year	44	55
In two to five years	66	110
	<u>110</u>	<u>165</u>
Less finance charges allocated to future periods	(16)	(24)
	<u>94</u>	<u>141</u>
Finance leases and hire purchase contracts are analysed as follows		
Current obligations (note 14)	38	48
Non current obligations (note 15)	56	93
	<u>94</u>	<u>141</u>

18. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non cancellable operating leases as set out below

	<i>Assets other than land and buildings</i>	
	2005 £000	2004 £000
Operating leases which expire		
Within one year	6	22
In two to five years	73	85
	<u>79</u>	<u>107</u>

Notes to the financial statements

at 31 December 2005

19 Share capital

	2005		2004	
<i>Authorised</i>	£000		£000	
Ordinary shares of £1 each	—		—	
	<u> </u>		<u> </u>	
	2005 <i>No</i>	2005 £000	2004 <i>No</i>	2004 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	—	2	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £000</i>	<i>Capital redemption reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total share holders' funds £000</i>
At 1 January 2004, as previously stated	—	18,374	(1,511)	16,863
— prior year restatement (note 1)	—	—	(666)	(666)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 January 2004 – as restated	—	18,374	(2,177)	16,197
Loss for the year				
— as previously stated	—	—	(817)	(817)
— prior year restatement (note 1)	—	—	(6)	(6)
Actuarial loss recognised on pensions as restated	—	—	(53)	(53)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2004 as restated	—	18,374	(3,053)	15,321
Loss for the year	—	—	(2,656)	(2,656)
Actuarial gain recognised on pensions	—	—	43	43
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2005	—	18,374	(5,666)	12,708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. Ultimate parent undertaking

The immediate parent undertaking is SLC Operating Limited Partnership

The smallest and largest group in which the results of SLC Turnberry Limited are consolidated, is that headed by Starwood Hotels and Resorts Worldwide, Inc, a company incorporated in the United States of America. The consolidated financial statements of this group are available to the public at Starwood Hotels & Resorts Worldwide Inc, Investor Relations, 1111 Westchester Avenue, White Plains, NY 10604, USA